

Town Council Special Session Meeting Minutes July 13, 2011

Bert Wells	Rich Taylor,
Dean Geracimos	Ron Francis
Frank Vari	Sharon Weygand, Town Administrator
Frank Hill, Mayor	Tom Yeager, Town Attorney
Valerie Walls, Clerk/Treasurer	

Mayor Hill brought the meeting to order at 6:30pm to discuss the waterline connections and financing. The Pledge of Allegiance followed.

The Mayor requests that any questions from the residents be held; there will be a general discussion time at the end. He will ask Council to make comments and bring up their points of discussion after the reports given. He will give a quick scenario of what's going on and some issues I would like addressed. I will ask Sharon's comments, she has prepared a package for council (included with the minutes) of the information she has collected to help Council understand what's been going on. Valerie will enlighten us on the financing and what we're working towards and the attorney will discuss the process we have to go through in regards to the funding.

Frank Hill: Disappointed regarding the partnership with Artesian Water. We feel that things have taken place without those of us in the office were not aware of. All of the information was to be funneled through the Town Administration and that has not been followed. We need to focus on the communication and be kept in the loop.

We have information given to us; an engineering bid package that was solicited back in the summer (2010) and we received this information today. We were not aware of the existence. I do not know how with the information in the packet, how Artesian received a price from anybody. The grants we applied for were for a water line to come from Delaware line into the Town on the Northside and to connect the two sides together with the pipeline under the canal. The original grant was around \$800,000. If we obtain that full amount, a portion could be grant and the rest loan. Under certain conditions you are allowed forgiveness for your loan. If we split that off, based on discussion we had with MDE today, we can split the part off that allows us to make the tie in across the canal, being able to reduce the amount of the grant. In the event that we split that portion, any part that we start before the grant issue, it will be strictly on our own, out of our own funds. Doing that, Ron has discussed with Artesian should take 30-45 days under best conditions. If we decide to refurbish the well, that would take us 3 weeks to a month. MDE will award their grants in October. We're on the list, but it's not a guarantee.

Sharon Weygand: Discussed the timeline that was distributed to Council, beginning Jan 11, 2006 to present day.

Valerie Walls: I have had meetings with Ron & Dave Spath regarding the bridge loans and bonds; I have spoken with four different banks that are interested in loaning us the money. However, further discussions revealed that an RFP was needed, engineering plans were required, bids, etc. I discussed this at the June Council Meeting, asking what direction was I to take. The \$75,000 needed for the connection to the line under the bridge, we do have in the General Trust Fund, and can used as a loan to the Water & Sewer Fund.

Tom Yeager: Legal Process with MDE

If we were funding the project ourselves, we would only have to follow our procurement process and the law in general. The construction contract would have to go out for a sealed bid. For professional services such as engineering, under our Charter we would not have to put that out to bid.

Requirements of the funders: First we have to certify that we made a good faith effort to reward work to a minority or women based businesses. MDE has to review the bid package. MDE has to approve the contract. Typically in past experience, we would get a bridge loan from a financial source, because on the onset, you're unsure of what the numbers are going to be. When you receive the hard numbers, then you go for a bond with a resolution. If the Town is borrowing money the Town has to authorize that. With the bond, it's generally a good interest rate. The drawback is constraints with early pay offs. MDE requires that if the loan exceeds \$400,000 bond council will be required. We need an engineer lined up to work with us regarding the specs for the contractor and an RFP for the contractor. The engineer would evaluate the sealed bids to help us determine if the lowest bid is a responsible bid. The engineer would assist in evaluating change orders and/or project extensions. The engineer would make recommendations on releasing payments.

Bert Wells: Ranking of 27th are we aware of the total ranking?

Sharon Weygand: No, but this is the first time we've ever made the list

Dean Geracimos: Hands out breakout/communication list to verify everyone on the same page. (page titled Chesapeake City Water Plan and is included with the minutes).

Frank Hill: Whichever way we go with either repairing the well or hooking up both sides, that money is coming out of our pocket.

Dean Geracimos: I'd like to ask Artesian, is that 30-60 day window (hookup under the bridge) is something that can be reached and the second thing is regardless, whether we spend the \$40,000 to repair the well or move ahead and spend the \$75,000 on the connection under the bridge, we're not getting any of it back. We're only risking \$35,000. The \$40,000 we would spend regardless.

Bert Wells: There's no value on spending the \$40,000. At least spending the \$75,000 we're getting the value. We're going to have to pay interest with any loan. I agree with Dean, we have to be pro-active. I agree with the line of credit. Sharon, I like the time line with how you're getting the information, so people can make informed decisions. We need to work on the line of credit.

Tom Yeager: A point on financing, if you have a line of credit. Typically it is payable on demand. The bank could call the loan and make it payable in full at that time. With bonds, there is no chance you'd have to pay it off in full within the next year. Line of Credit is not a bridge loan. We do run the risk of the bank calling it.

Frank Vari: The north side well, we paid roughly \$32,000. The interconnection, should have been looked at prior to that. If you add the \$32,000 we paid on the north side to the possible \$40,000 to fix the south side, that's \$72,000 already. I feel the interconnection is the way to go regardless of how we get there. This well has over four feet of iron. The \$75,000 is a good investment.

Ron Francis: Tuesday I got an email from Sharon with contact numbers to MDE . I called Artesian to see how long it would take to do the job, interim financing and what they thought of doing it. We've discussed this way too many times. I appreciate all of Dave's efforts. I called Alice Scanlon from MDE to discuss the PFA situation, she led me to Andrew Sawyer and he asked for a copy of the bids had gotten on this project. To bring you up to speed, Artesian in 2010 put out for bid, the connections under the canal. Four of the eight companies responded. I asked Mr. Sawyers whether we could use that to qualify for the grant. We also discussed splitting the grant into two pieces. One, which I have discussed as an emergency situation and the other out to Delaware. He asked for the bids, and we have to wait until tomorrow to see if it was sent out to any minority or women companies. If it was, we may qualify for grant money for that; otherwise we don't. I believe most of council agrees, if we get it great, if not, we have to keep moving ahead. Mr. Sawyer led me to Bridgett Kennedy who told me we scored above the funding unit. I explained our situation. Because it is an emergency, she has agreed that the PFA exception is acceptable will be approved or disapproved on the 27th. She will advise Mr. Sawyer that we have stopped the well repair company from finishing the work. When you take the \$75,000 out of the last number I have, \$527,000 we're reaching a loan of \$450,000-\$500,000 loan. This increases our chances of getting the loan, because we're asking for less. The fact that it's an emergency situation, I think we're going to move up the line faster.

Dave Spath: we put out the bid to our general contractors. It was not a seal bid. I want to be clear about the 30-45 days time line, that's after you get your approvals. Contractors can be out in a week, it your process that will take longer.

MOTION: Ron Francis made a motion, Frank Vari seconded, to hire Artesian as the Engineer for Phase One of the water connection project, subject to the execution of a Memorandum of Understanding with Artesian. All in favor, motion carried.

Rich Taylor: Thanking Dean for 'The Plan of Action'. It's a great starting point. After Mondays meeting my initial reaction was I think we need to gamble with proceeding with the interconnection, abandon the repair on the well and gamble that we are not going to lose the well on the south side. I haven't heard anything tonight that will change my opinion. However, there's potential a 30 day window. If we call whoever is working on the well tomorrow and ask to continue working on the well again and we call Artesian and tell them to proceed with the bid process so we can move forward with the interconnection, those two things would finish roughly 30 days apart. We're gambling that we're working on one well for approximately 30 days. My question to Rob is, if something happened to our other well on the south side, can we through tankers, using the towers, can we keep the Town a float without using the wells? Is a remote possibility?

Rob Penman: There is a risk there.

MOTION: Dean Geracimos made a motion, Ron Francis seconded to transfer \$75,000 or the amount of the accepted bid, from the General Fund Trust Fund to the Water and Sewer Enterprise Fund. All in favor, motion carried.

MOTION: Bert Wells made a motion, Frank Vari seconded to purse the Line of Credit for \$500,000 for utility infrastructure. All in favor, motion carried.

MOTION: Frank Vari made a motion, Bert Wells seconded to hold a Special Session prior the workshop on the 25th for voting on Phase I bids for the construction. All in favor, motion carried.

MOTION: Dean Geracimos made a motion, Ron Francis seconded for the Clerk/Treasurer proceed with the financial funding for the Bond and Conventional Loans, including the bidding process for Bond Council. All in favor, motion carried.

~~**MOTION:** Dean Geracimos made a motion, Ron Francis seconded to bid Phase II of the Interconnection Engineering Services for the hook-up from the Delaware line to north side Town boundaries. All in favor, motion carried.~~

AMENDED MOTION TO ABOVE: Dean Geracimos made a motion, Ron Francis seconded to bid Phase II of the interconnection Engineering Services for the hook-up from the Delaware line to north side existing Town water lines with specifications that it is hourly rate with a max cap, with Time and Material not to exceed "X" and be consistent with all requirements of MDE. All in favor, motion carried.

Note: "X" to be bidders best price.

MOTION: Rich Taylor made a motion, Dean Geracimos seconded to contact the well driller to stop the repair of the well on the south side at the completion of this meeting. All in favor, motion carried.

MOTION: Ron Francis made a motion to adjourn at 8:55pm. Frank Vari seconded. All in favor, motion carried.

Submitted by:

Approved by:

D. Valerie Walls Clerk/Treasurer

Frank Hill, Mayor